

Notes from Audit Task Force Meeting

September 1, 2010

Members present: Paul Birnholz, Ed Gallagher, Marcia Merrill, Kim Pinkham, Doug Wacek

Others present: Mayor Bob Kiss, President Keogh, Chief Administrative Officer Jonathan Leopold, City Attorney Ken Schatz, Assistant Chief Administrative Officer Scott Schrader

President Keogh opened the meeting, introduced the members of the Task Force and gave a brief introduction of the role and intent of the Task Force.

Chief Administrative Officer Jonathan Leopold provided information to the Committee on the various audits and financial statements of the City including BED, the City, and the McNeil Plant and the contracts associated with the auditing firms engaged to perform the audits.

City Attorney Ken Schatz introduced himself and indicated that his office will provide the Task Force any legal support necessary.

CAO Leopold provided information on the recent procurement for auditing services and the selection of Sullivan and Powers for the general city audit and KPMG for the audit of BED.

Each member introduced themselves and gave a brief summary of their experience in auditing.

The Task Force selected Doug Wacek to serve as Chair.

Chair Wacek stated that the Task Force needed to outline and agree on the objectives of the Task Force.

The Committee reviewed the resolution of the City Council in order to assist in the determination of the objectives. It was determined that the following was necessary:

1. Look at past reports including the Cross Budget Report. The Task Force requested copies of the Cross report's appendices and attachments.
2. It was suggested that the International City/County Managers' Association and the Government Finance Officers' Association be used as a potential resource for information on municipal audits.
3. It was suggested that the Vermont League of Cities would not have any applicable information on audits due to the unique complexity of the City of Burlington's operations and fund structure.

4. The Task Force will review the appropriate timing of the release of the audit and management letter and to whom it should be released.
5. It was suggested that the Budget Task Force meetings and subsequent report not contain any information relating to the audit but that these notes and report will be provided.
6. It was determined that clarification on the "review of auditing procedures" by the Task Force was necessary. Ms. Merrill and Mr. Birnholz agreed to work on defining the role and scope of the Task Force and would distribute a draft to all members prior to the next meeting.
7. CAO Leopold stated the auditor and the Clerk/Treasurer's Office staff would provide an outline of the workflow and staff responsibilities related to the support of the auditor's review for Task Force review and recommendation.
8. It was suggested that the final report would outline responsibilities of City officials in relation to the receipt and follow-up on findings contained within the audit and management letter.
9. It was suggested that the auditing of the Enterprise Funds be reviewed with the idea that a recommendation on whether separate audits should be conducted versus the current practice of including them in the general audit and at what frequency these audits should be conducted.
10. It was suggested that the review and report could include recommendations on the review and distribution of the audit and management letter and any findings and that the governance and management of responses to the findings be identified to allow for integration of responses into one response.
11. The Task Force considered the issue of how to engage the governing bodies in the review of the audit report and findings and management letter and the education of Officers and Councilors on audits in general and the single audit and management letter specifically.
12. It was suggested that the Task Force look to develop a recommendation on determining and identifying the roles and responsibilities of City Officials in addressing any findings and prioritizing the correction of the findings.
13. The Task Force requested that CAO Leopold provide the current process and procedure in receiving the audit, preparing the management response and in addressing any findings contained in the audit and/or management letter.
14. It was suggested that the Task Force provide some best practices which the city should be exercising related to the audit and management letter.
15. It was agreed that CAO Leopold would provide minutes of the Board of Finance to possibly assist in providing useful information on the audit to the Task Force.
16. City Attorney Schatz agreed that he would research Vermont Law to determine if there are any general laws that might not have been superseded by the City of Burlington Charter.

17. It was agreed that City Attorney Schatz would provide copies of current Charter Changes under consideration.
18. CAO Leopold agreed to set up a password protected web location to allow for the repository of documents for the Task Force.
19. CAO Leopold agreed to provide information on the auditor selection process including a copy of the RFP, the responses and the list of auditors who received the RFP and any backup on the evaluation of the audit proposals.
20. It was suggested that the findings and recommendations of the Task Force could serve as a general overview with recommendations for specificity, if necessary.

CAO Leopold stated that the Board of Finance minutes are more of a summary of the issues and the related action of the Board rather than that of detailed minutes of discussion which might limit their usefulness to the Task Force in that regard.

The Mayor stated he believed that the City Council wanted some assurance that the City's audit process is appropriate or, if not, what needed to be done to correct the process.

There was some discussion regarding what responsibilities and role the School Department and School Board played in the auditing and ultimate review of the findings given their unique, somewhat autonomous nature.

City Attorney Schatz provided information regarding the public nature of e-mail stating that e-mails are public but these may not constitute a meeting unless there was a public chat. The closer to contemporaneous dialog, the closer the characterization of a meeting and, thus, the potential of violations of the Open Meetings Law.

In response to the question of whether there was an internal audit function within the City, CAO Leopold stated there was not and that the City elected to have high level manager positions in lieu of internal auditor.

The Task Force agreed to the following meeting schedule to be held in Conference Room 12, City Hall:

September 13, 2010 from 8:00 a.m. to 10:30 a.m.

September 17, 2010 from 8:00 a.m. to 10:30 a.m.

September 22, 2010 from 8:00 a.m. to 10:30 a.m.

Meeting adjourned at 6:15 p.m.